

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 COME-00 FRB-03
CIAE-00 INR-10 NSAE-00 SP-02 OMB-01 STR-07 TRSE-00
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-----119867 160219Z /64

R 151418Z MAR 78
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 7351
INFO AMEMBASSY LIMA
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY GUATEMALA
AMEMBASSY LONDON
AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY PANAMA
AMEMBASSY RIO DE JANEIRO
AMEMBASSY SAO PAULO
AMEMBASSY SANTO DOMINGO
AMEMBASSY SAN JOSE
AMEMBASSY TAGUCIGALPA
USDA WASHDC

LIMITED OFFICIAL USE SAN SALVADOR 1261

E.O. 11652: N/A
TAGS: ETRD EAGR ES XK
SUBJ: COFFEE: CENTRAL MILDS CONFERENCE CONCLUDES

REF: SAN SALVADOR 1184

1. SAN SALVADOR MEETING OF CENTRAL MILDS
PRODUCERS CONCLUDED LATE FRIDAY WITH FOLLOWING
RESOLUTION (EMBASSY TRANSLATION): "THE
REPRESENTATIVES OF COSTA RICA, EL SALVADOR,
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GUATEMALA, HONDURAS, MEXICO, NICARAGUA, THE
DOMINICAN REPUBLIC AND VENEZUELA, AFTER ANALYZ-
ING THE SITUATION OF THE COFFEE MARKET, HAVE
AGREED ON THE FOLLOWING:

(1) TO SUSPEND COMPLETELY AND FOR AN
INDEFINITE PERIOD SALES OF COFFEE AS LONG AS

PRICES DO NOT ATTAIN REASONABLE LEVELS,
(2) TO REINITIATE SALES, IN AN ORDERLY
MANNER, IN ACCORDANCE WITH THEIR AVAILABILITIES
AND THE NEEDS OF THE MARKET, WHEN THE CONDITIONS
OF THE SAME ARE PROPITIOUS.
(3) TO CONSTITUTE A JOINT MARKET POLICY
COMMITTEE COMPOSED OF ONE FULLY AUTHORIZED
REPRESENTATIVE OF EACH COUNTRY AND TO DESIGNATE
DR. RICARDO FALLA CACERES OF EL SALVADOR AS ITS
COORDINATOR."

2. ACCORDING TO TRADE SOURCES, "REASONABLE"
PRICE LEVEL AGREED UPON AMONG PARTICIPANTS BUT
NOT ANNOUNCED IS \$1.80 A POUND. COFFEE COMPANY
REPORTEDLY MADE CASH SALE AT \$1.78 DURING COURSE
OF CONFERENCE. RUMORS OF SALES BY OTHER
PARTICIPATING COUNTRIES AND ABSENCE OF COLOMBIA
FROM CONFERENCE FEED SKEPTICISM OF LOCAL TRADE
THAT MEETING WILL HAVE IMPORTANT RESULTS. WE
ALSO NOTE PERU DID NOT SUPPORT RESOLUTION.

3. DESIGNATION OF RICARDO FALLA AS "COORDINATOR"
OF MARKET POLICY COMMITTEE WAS PROBABLY ENGINEERED
AS EFFORT TO BOLSTER HIS SAGGING PRESTIGE WITHIN
EL SALVADOR. RUMOR OF FALLA'S RESIGNATION,
APPARENTLY ORIGINATING IN WALL STREET JOURNAL
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ARTICLE, WAS GLEEFULLY SPREAD BY LOCAL PRESS,
WHICH HAS LONG BEEN CRITICAL OF THE DIRECTOR.
ALSO, DURING THE CONFERENCE ITSELF, A GROUP
CALLING ITSELF THE "RESPONSIBLE SALVADORAN
COFFEE GROWERS" PUBLISHED A FULL PAGE ATTACK ON
FALLA IN LOCAL PAPERS, ACCUSING HIM OF BEING AN
IRRESPONSIBLE "DICTATOR" OF SALVADORAN COFFEE
POLICY THE "RESPONSIBLE GROWERS" CALLED FOR A
COFFEE POLICY BASED ON LONG-RANGE MARKET FACTORS,
NOT ON FORTUITOUS OCCURRENCES SUCH AS THE BRASILIAN
FROST OR MARKET MANIPULATION, AND SAID THAT VARIOUS
ELEMENTS OF THE COFFEE INDUSTRY AS WELL AS
GOVERNMENT AND FINANCIAL SECTORS SHOULD TAKE PART
IN FORMULATING IT. THE "RESPONSIBLE GROWERS"
CONCLUDED THAT THE CURRENT POLICY OF WITHHOLDING
COFFEE FROM MARKET SHOULD BE CHANGED.
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Message Attributes

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